



INDUSTRY OUTREACH TO ADVANCE THE HIGH-SPEED RAIL PROGRAM

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Board Meeting Agenda Item #4

May 12, 2015

Sacramento, CA



BACKGROUND

- Construction on the Central Valley backbone is underway
- Cap and Trade has greatly increased market interest in the program and can lead to additional opportunities
- In August, direction was given to explore ways to leverage Cap and Trade proceeds to advance the program
- Work is underway to develop strategies to reduce costs and manage risk while meeting all legal requirements

PRIVATE SECTOR INTEREST

- Growing interest from the private sector to develop and invest in the program
 - » Statements of interest from the private sector (international developers, investment funds, construction conglomerates, etc.)
 - Resulted in meetings and continued dialogue
 - » Responses to Request for Expressions of Interest for trainset procurement
 - Resulted in one on one meetings with manufacturers

“[Cap and Trade] is the signal the private sector has been waiting for as it shows the state is committed to getting this project done and moving it forward now.”



“This commitment by the state will in turn motivate private sector involvement in the financing and development of the program.”



ADVANCING THE PROGRAM

- Authority's next procurements involve additional civil construction and complex technical elements (e.g., systems, power, track, trainsets)
- International high-speed rail systems have packaged construction and maintenance of complex elements together to manage risk and reduce time and costs
- Cap and Trade funding presents an opportunity to leverage innovative procurements and package components into larger contracts
- Formal feedback is needed from industry for next round of planning

EXAMPLES

Presidio Parkway



- 25% cost savings from combining procurements
- Optimal risk transfer and greater cost and schedule certainty
- Best use of public funds

Tours-Bordeaux TGV



“It is the largest European rail PPP developed to date. Without this type of procurement, the project would have suffered long delays or would not even have happened.”

—Hubert du Mesnil, RFF President

REQUEST FOR EXPRESSIONS OF INTEREST

- **Solicit formal feedback from the private sector through a Request for Expressions of Interest (RFEI)**
 - » An RFEI is a common tool to get feedback from industry
 - » Initial step toward a formal procurement process
 - » Does not obligate the Authority to commence any procurements
- **Seeking specific input from industry on how to best move forward**
 - » Finding solutions that are most effective for the private sector while achieving the time/cost savings and desired risk management for the Authority
- **Use the information to fine-tune our technical, commercial, financial, and procurement approaches**
- **Can inform the 2016 Business Plan and address focus area of the Peer Review Group**

INFORMATION TO BE PROVIDED

- **We will provide the following information:**
 - » 2012 and 2014 Business Plans
 - » Background information on funding including Cap and Trade
 - » Description of potential procurements
 - » Potential business model concepts
 - » Legal requirements

KEY QUESTIONS FOR THE PRIVATE SECTOR

- The RFEI will focus on gaining insight on key questions such as:
 - » On what usable segment(s) can the Authority take advantage of innovative delivery strategies that may combine procurements? What benefits (e.g. cost savings, acceleration) could be achieved?
 - » What components can/should be packaged together to increase efficiencies?
 - » What is the size of a project that can be effectively managed? What is the size of a project that can be financed?
 - » What is the right division of responsibilities and risks between the Authority and private sector partner(s)?

ANTICIPATED SCHEDULE

- **May Board Meeting** **May 12**
- **Issue RFEI to Industry** **May/June**
- **Due Date** **90 Days After Release**
- **One-on-one Meetings** **Fall**
- **Update to the Board** **Fall**